



United States Department of the Interior

NATIONAL BUSINESS CENTER

Indirect Cost Services

2180 Harvard Street, Suite 430

Sacramento, CA 95815



October 29, 2012

Mr. David M. Bruce, Chief Financial Officer
Operational Services and Central Licensing Division
State of Michigan
Department of Agriculture and Rural Development
P.O. Box 30017
Lansing, Michigan 48909

Dear Mr. Bruce

Enclosed is an original copy of the Indirect Cost Negotiation Agreement for the 12-month period ending September 30, 2013, between the Federal Government and the Michigan Department of Agriculture and Rural Development. This rate was negotiated for the U.S. Department of Agriculture APHIS-Financial Management Division by the U.S. Department of the Interior, National Business Center.

Please visit our Web site at <http://www.aqd.nbc.gov/ics> for guidance and updates on submitting indirect cost proposals. In addition, you will find helpful tools such as a completeness checklist, indirect cost and lobbying certificates, sample proposals, Excel worksheet templates, and important links to other Web sites.

Sincerely,

Deborah A. Moberly
Indirect Cost Coordinator

Enclosure

cc: Kris Caraher, Accountant, USDA/APH

Ref: J:Contracts/USDA-APHIS/Moda458/Issue.ltr

We want to hear from you! Please let us know how we are doing in meeting your needs by taking a short survey at: <http://www.aqd.nbc.gov/survey>.

Phone: (916) 566-7111
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E-mail: ICS@nbc.gov
Internet: <http://www.aqd.nbc.gov/ics>
Revised 03/30/12

**State And Local Department/Agency
Indirect Cost Negotiation Agreement**

EIN: 38-6000134

Organization:

State of Michigan
Department of Agriculture
and Rural Development
P.O. Box 30017
Lansing, Michigan 48909

Date: October 29, 2012

Report No(s): 13-A-0089

Filing Ref.:

Last Negotiation Agreement
dated October 20, 2011

The indirect cost rate contained herein is for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR 225 (OMB Circular A-87) applies, subject to the limitations in Section II.A. of this agreement. The rate is negotiated by the U.S. Department of the Interior, National Business Center, and the subject organization in accordance with the authority contained in 2 CFR 225.

Section I: Rate

Type	Effective Period		Rate*	Locations	Applicable
	From	To			To
Fixed Carryforward	10/01/12	09/30/13	10.88%	All	All Programs

***Base:** Total direct costs, less capital expenditures and passthrough funds.

Treatment of fringe benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

Section II: General

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A. Limitations: Use of the rate contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rate agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal, (2) all such costs are the legal obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).

B. Audit: All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.

C. Changes: The rate contained in this agreement is based on the organizational structure and the accounting system in effect at the time the proposal was submitted. Changes in organizational structure, or changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rate in this agreement, require the prior approval of the responsible negotiation agency. Failure to obtain such approval may result in subsequent audit disallowance.

D. Fixed Carryforward Rate: The fixed carryforward rate is based on an estimate of the costs that will be incurred during the period for which the rate applies. When the actual costs for such periods have been determined, an adjustment will be made to the rate for future periods, if necessary, to compensate for the difference between the costs used to establish the fixed rate and the actual costs.

E. Agency Notification: Copies of this document may be provided to other federal offices as a means of notifying them of the agreement contained herein.

F. Record Keeping: Organizations must maintain accounting records that demonstrate that each type of cost has been treated consistently either as a direct cost or an indirect cost. Records pertaining to the costs of program administration, such as salaries, travel, and related costs, should be kept on an annual basis.

G. Reimbursement Ceilings: Grantee/contractor program agreements providing for ceilings on indirect cost rates or reimbursement amounts are subject to the ceilings stipulated in the contract or grant agreements. If the ceiling rate is higher than the negotiated rate in Section I of this agreement, the negotiated rate will be used to determine the maximum allowable indirect cost.

H. Use of Other Rates: If any federal programs are reimbursing indirect costs to this grantee/contractor by a measure other than the approved rate in this agreement, the grantee/contractor should credit such costs to the affected programs, and the approved rate should be used to identify the maximum amount of indirect cost allocable to these programs.

I. Central Service Costs: Where central service costs are estimated for the calculation of indirect cost rates, adjustments will be made to reflect the difference between provisional and final amounts.

J. Other:

1. The purpose of an indirect cost rate is to facilitate the allocation and billing of indirect costs. Approval of the indirect cost rate does not mean that an organization can recover more than the actual costs of a particular program or activity.

2. Programs received or initiated by the organization subsequent to the negotiation of this agreement are subject to the approved indirect cost rate if the programs receive administrative support from the indirect cost pool. It should be noted that this could result in an adjustment to a future rate.

3. This negotiation agreement is entered into under the terms of an Interagency Agreement between the U.S. Department of the Interior and the U.S. Department of Agriculture, Animal and Plant Health Inspection Service. No presumption of federal cognizance over audits or indirect cost negotiations arises as a result of this Agreement.

4. New indirect cost proposals are necessary to obtain approved indirect cost rates for future fiscal or calendar years. The proposals are due in our office 6 months prior to the beginning of the year to which the proposed rates will apply.

Section III: Acceptance

Listed below are the signatures of acceptance for this agreement:

By the State Department/Agency:

State of Michigan
Department of Agriculture
and Rural Development
Grantee/Contractor



Signature

David M. Bruce

Name (Type or Print)

CFO

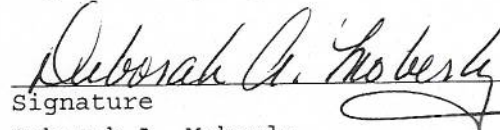
Title

10-22-2012

Date

For the Cognizant Federal Government
Agency:

U.S. Department of Agriculture
Animal and Plant Health Inspection
Service
Cognizant Agency



Signature

Deborah A. Moberly

Name

Indirect Cost Coordinator

Indirect Cost Services

Title

U.S. Department of the Interior

National Business Center

Negotiating Agency

Date

OCT 29 2012

Negotiated by Stacy Frost

Telephone (916) 566-7002